

Message Text

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PAGE 01 JAKART 13683 080118Z

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ACTION EA-09

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R 070900Z NOV 75
FM AMEMBASSY JAKARTA
TO USDOC WASHDC
SECSTATE WASHDC 1117
INFO AMEMBASSY SINGAPORE
AMCONSUL MEDAN
AMCONSUL SURABAYA

UNCLAS JAKARTA 13683

EO 11652: N/A

TAGS: BEXP ID

SUBJ: FIRST QUARTER FY 76 CCP REPORT

REF: A. STATE 244219 B. CCP FOR INDONESIA C. JAKARTA 13342
D. JAKARTA 11402 E. JAKARTA A-77 F. JAKARTA 12668
G. JAKARTA A-90 H. STATE 163927

SUMMARY: FY 1976 FIRST QUARTER PROGRSS REPORT SUB-
MITTED SHOWING CCP MVING AHEAD WITHOUT SIGNIFICANT
VARIATIONS T DATE; HOWEVER, ONE MAJOR CAMPAIGN
REPLACEMENT PROPOSED AND TWO MINOR STRUCTURAL
ALERATION RECOMMENDED. END SUMMARY

1. CCAG HAS REVIEWED FIRST QUARTER PERFORMANCE
AGAINST FY 76 CCP AND FINDS DESPITE E/CM SUBSTANTIAL
SHORT STAFFING THROUGHTOUT QUARTER, THAT PLANNED PROGRES
GENERALLY ON TRACK. PER REF A PARA 2 GUIDANCE, CCAG
BELIEVES NO RPT NO PLANNED CCP ACTIVITIES ARE
SUFFICIENTLY DELAYED THAT THEY "CANNOT BE BROUGHT ON
TARGET WIHIN FOLLOWING QUARTER," IE OCTOBER-
DECEMBER.

2. ONE POSSIBLE EXCEPTION THIS CONCLUSION INVOLVES
MATTER BEYOND EMBASSY CONTROL. PAGE 17 ANNX C WOOD
PROCESSING CAMPAIGN REQUIRES (PARA 3) BY SEPTEMBER 30,
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1975 THAT EMBASSY CONTRACT FOR MARKET EPORT ON STATUS

FOREST PRODUCTS SECTOR. HOWEVER, REF C IS LATEST IN SERIES EMBASSY ATTEMPTS OBTAIN SPECS AND IMPLEMENTATION INSTRUCTIONS REQUIRED EXECUTE THIS CONTRACT, FOR WHICH USDOC AGREED PROVIDE FUNDS LAST JULY (REF H). GIVEN CONTRACTING LEAD TIMES, EMBASSY WILL ONLY BE ABLE ACCOMPLISH THIS OVERDUE ACTION WITHIN SECOND QUARTER PERIOD IF USDOC RESPONDS FAVORABLY BEFORE NOVEMBER 21. WCAG REQUESTED REVIEW WHETHER USDOC DELAYED RESPONSE THIS CASE IS RELATED TO PROBLEM AREA DISCUSSED PARA 3A OF REF D (FY 75 CCP FOURTH QUARTER REPORT), FOR WHICH EMBASSY STILL AWAITING RESPONSE. CCAG WOULD APPRECIATE WCAG ALSO DISCUSSING ALLOCATION AMONG PARTICIPATING WASHINGTON AGENCIES OF RESPONSIBILITY FOR SUPPLYING VARIOUS ITEMS EMBASSY MUST ASSEMBLE FOR FUTURE WOOD PROCESSING PROMOTIONAL EFFORTS (ANNEX C PARA 3 "BY SEPTEMBER 30, 1975).

3. RE PARA 3 REF A, NUMBER SIGNIFICANT SHANGES HAVE OCCURRED WHICH CCAG BELIEVES NECESSITATE CCP REVISIONS SOME OF WHICH WERE FORESEEN AND PROVIDED FOR UNDER CCP SECTION 4.1 PARA 6. FIRST, EMBASSY SENDING TOM MOORE, USDOC, REVISED E/CM ORGANIZATION CHART REFLECTING SEVERAL PERSONNEL CHANGES INCLUDING REPLACEMENT OF BROWER BY WILCOX IN ECONOMIC UNIT, BROWER'S ASSUMPTION OF PRIMARY COMMERCIAL UNIT SUPERVISORY RESPONSIBILITY INSTEAD OF CUNNINGHAM, AND REPLACEMENT OF WONOTO BY SAMIADJI. SECONDLY, CCAG WISHES CORRECT WHAT APPEARS BY TYPOGRAPHICAL MISTAKE MADE IN FINAL WASHINGTON VERSION OF CCP ANNEX SUGAR CAMPAIGN, WHICH CONTAINS SEVERAL DUPLICATE PARAGRAPHS. THEREFORE, PLEASE DELETE FOLLOWING THREE PARAGRAPHS ON PAGE 13: PARA 2 OF 9/30/75 ACTIONS, "BY DECEMBER 31, 1975" HEADING PLUS ITS SUBPARA 1, AND "BY JUNE 30, 1976" HEADING PLUS ITS PARA 1. ONLY ACTION RETAINED PAGE 13 WILL BE "BY DECEMBER 30, 1975" PARA 1, WHICH LEADS DIRECTLY INTO PARA 2 LISTED TOP PAGE 14.

4. ON MORE SUBSTANTIVE SIDE, E/CM NOW PREPARING CABLE UPDATING CEMENT REF E REPORT. CABLE WILL SHOW THAT ALL OF MOST PROMINENTLY PROPOSED CEMENT PROJECTS NOW UNCLASSIFIED

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HAVE BEEN AT LEAST TENTATIVELY COMMITTED, THAT TOTAL CAPACITY THESE PROJECTS APPROXIMATES EXPECTED INDONESIAN DOMESTIC DEMAND CIRCA 1978-80, AND THAT WHILE ONE OR AT MOST TWO ADDITIONAL CURRENTLY IDENTIFIABLE PROJECTS MAY EVENTUALLY GO AHEAD, THEY ARE PERHAPS TWO PLUS YEARS AWAY FROM COMMITMENT DECISION. THUS EMBASSY CONCLUDES THAT, ALTHOUGH WE SHOULD CONTINUE MONITOR INDIVIDUAL CEMENT PROJECTS, NUMBER OF PROBABLE

OPPORTUNITIES REMAINING UNCOMMITTED IS INSIFICIENT TO JUSTIFY CONTINUATION OF MAJOR CCP CAMPAIGN THIS SECTOR. MOREOVER, INFORMAL CONVERSATION WITH INDUSTRY EXPERTS HERE SUGGEST INDUSTRY DEVELOPMENT STILL AT TOO EARLY STAGE WARRANT SERIOUS ATTENTION TO DOWNSTREAM DIVERSIFICATION POSSIBILITIES MENTIONED CCP PAGE 16. THEREFORE, RECOGNIZING THAT EXPECTED CEMENT CAMAPIGN RSULTS STATED CCP SECTION 1.2 (PAGE 4) HAVE ALRADY BEEN ACHIEVED (GRESIK AND CIBINONG EXPANSION PROJECTS WITH COMBINED EXPECTED EXPORT VALUE IN EXCESS \$100 MILLION WERE BOTH WON BY US FIRMS) CCAG PROPOSES DELETE ENTIRE ANNEX B CEMENT CAPAIGN.

5. IN PLACE THIS CAMAPIGN AND PERSUANT CCP SECTION 4.1 E/CM WILL DRAFT PROPOSED ANNEX B SUBSTITUTE CAMPAIGN IN CARGO/MATERIALS HANDING AND/OR MINING EQUIPMENT FOR SUBMISSION BY DECEMBER 31, 1975. PROMOTION THEME RECOMMENDATIONS ON CARGO/MATERIALS HANDING AND WAREHOUSING EQUIPMENT ALREADY UNDERWAY AND EXPECTED PROVIDE BASIC JUSTIFICATION FOR PROPOSED NEW MATERIALS HANDLING CAMAPIGN, WHILE REFS F AND G AMPLY SUPPORT INTEREST IN MINING PROJECTS.

6. ACTION REQUESTED: WCAG PLEASE TAKE APPROPRIATE ACTION RE CONCERNS RAISED PARA 2 ABOVE AND PLEASE CONCUR IN CHANGES PROPOSED PARA 3 AND 4. NEWSOM

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